



CHEMPHIL GROUP
LMG CHEMICALS CORP.

September 14, 2004

PHILIPPINE STOCK EXCHANGE
Teklite Tower, Ortigas Center
Pasig City
Fax No.: 636-0809



CIRCULAR FOR BROKERS NO. 4077 -2004

Disclosure

September 14, 2004

DATE

Attention: Disclosure Department

SECURITIES & EXCHANGE COMMISSION
SEC Building, EDSA Mandaluyong City
Fax No. 727-2990


Attention: Corporation Finance
Reg. No.: 42020

Gentlemen:

Further to our letter of today, we are providing you a copy of the Cease and Desist Order (CDO) issued by Mr. Sixto E. Tolentino, Jr., Regional Director of the DENR's Environmental Management Bureau (EMB) dated September 13, 2004, which he issued only today during the technical conference at the EMB's National Capital Region Office.

Thank you.

Very truly yours,


ROLANDO P. NAVARRO
Vice President for Legal Services

ref.: 031-04

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Republic of the Philippines
Department of Environmental and Natural Resources
ENVIRONMENTAL MANAGEMENT BUREAU
NATIONAL CAPITAL REGION

5th Floor #29 Hizon Bldg. Quezon Ave., Quezon City
Tel. Nos. 781-0482/83, 781-0484/85, 781-0471, 781-0497, 749-9828/29
Telefax. 781-0497, 781-0482, 781-0485

The President/General Manager
LMG CHEMICALS INCORPORATED
Elisco road, Brgy. Kalawaan
Pasig City

CEASE AND DESIST ORDER

In accordance with the provisions of PD 1586 and its Implementing Rules and Regulations and considering the Report of the Multi-Partite Monitoring Team of LMG Chemicals Corp. of even date and considering further that a leak in the heat exchanger of your sulfuric acid manufacturing plant resulted to the release of sulfur substance into the environment and in order to avoid further risk to human lives and damage to the environment, you are hereby ordered to immediately Cease and Desist from operating LMG Chemical Corporation's Sulfuric Acid Plant located at Chemphil Compound, Elisco Road, Brgy. Kalawaan, Pasig City.

You are further ordered not to resume operations of the aforesaid plant until all remedial measures and repairs of your equipment and machineries have been undertaken and upon prior approval of the Multi-Partite Monitoring Team of LMG Chemicals Corporation and of this Office of an Environmental Management Plan (EMP).

SO ORDERED. September 13, 2004.


SIXTO E. TOLENTINO, JR.
Regional Director

Copy furnished:

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1. Office of the Secretary
2. EMB Director
3. Regional Executive Director NCR